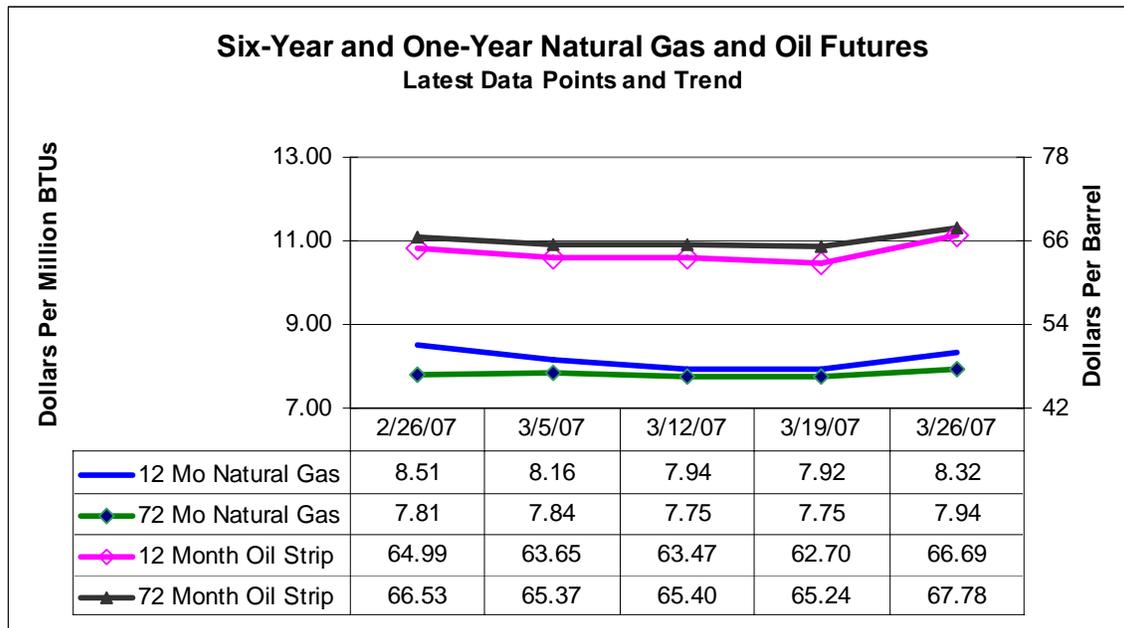


Hu Jintao Visits Vladimir Putin

Summary and Recommendation

China buy-recommendations **PetroChina (PTR)** and **CNOOC Ltd (CEO)** account for an unlevered 6% and Russia buy-recommendations **Gazprom (OGZPY)** and **Lukoil (LUKOY)** account for 14% of the illustrative McDep Energy Portfolio (see table Composite). Meeting in Moscow on March 26, President Hu leads the world’s largest coal polluter and President Putin leads the world’s largest natural gas producer. Russia has the solution for China’s pollution, yet bilateral natural gas projects are stalled, perhaps because of price. Under wasteful price controls reminiscent of the U.S. in the 1970s, PTR, CEO and OGZPY receive about a fifth of the refined oil equivalent price for production of the cleanest fossil fuel. China would be naïve to expect to buy natural gas at a cheap price and Russia would be foolish to sell for less than the oil equivalent. Expecting smart leaders to recognize economic and environmental trends, we are betting that shareholders of the recommended companies will participate in the ultimate benefits of China buying clean energy from Russia. Strengthening the symbolism, the six-year global benchmark price for oil joins that for natural gas to capture renewed positive momentum above the 40-week average of \$67.30 a barrel and \$7.83 a million btu (see chart below).

Kurt H. Wulff, CFA



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Oil and Gas Producers
Rank by McDep Ratio: Market Cap and Debt to Present Value

	<i>Symbol/</i>	<i>Rating</i>	<i>Price</i> <i>(US\$/sh)</i>	<i>Shares</i>	<i>Market</i>	<i>Net</i>	<i>Debt/</i>	<i>McDep</i>
			<i>26-Mar</i>	<i>(mm)</i>	<i>Cap</i>	<i>Present</i>	<i>Present</i>	<i>Ratio</i>
			<i>2007</i>		<i>(US\$m)</i>	<i>Value</i>	<i>Value</i>	
Mega Cap								
Exxon Mobil Corporation	XOM	B	75.47	5,816	439,000	82.40	0.04	0.92
Total S.A.	TOT	B	68.88	2,288	158,000	80.00	0.14	0.88
BP plc	BP	B	64.39	3,268	210,000	80.00	0.17	0.84
Chevron Corporation	CVX	B	74.40	2,206	164,000	92.00	0.09	0.83
Royal Dutch Shell plc	RDS-A	B	66.55	3,171	211,000	84.00	0.14	0.82
Gazprom (50%)	OGZPY	B	41.45	2,849	118,100	56.00	0.07	0.76
ConocoPhillips	COP	B	69.56	1,672	116,000	100.00	0.20	0.76
			<i>Total or Median</i>		<i>1,416,000</i>		<i>0.14</i>	<i>0.83</i>
Producer/Refiners - Large Cap								
Kinder Morgan, Inc.	KMI	S	106.02	133	14,130	33.00	0.76	1.53
Imperial Oil Limited (30%)	IMO	H	37.20	289	10,750	37.00	0.07	1.01
Marathon Oil Corporation	MRO	B	102.56	352	36,100	110.00	0.12	0.94
Norsk Hydro (pro forma)	NHY	B	32.91	1,229	40,450	38.00	0.20	0.89
PetroChina Company Ltd (10%)	PTR	B	116.05	181	21,010	140.00	0.06	0.84
Petro-Canada	PCZ	B	38.40	498	19,120	49.00	0.19	0.82
Suncor Energy	SU	B	73.32	461	33,810	95.00	0.07	0.79
Lukoil Oil Company	LUKOY	B	83.00	835	69,000	110.00	0.02	0.76
			<i>Total or Median</i>		<i>244,000</i>		<i>0.10</i>	<i>0.87</i>
Independent Natural Gas and Oil - Large Cap								
XTO Energy Inc.	XTO	B	54.66	371	20,280	60.00	0.14	0.92
CNOOC Limited (34%)	CEO	B	84.20	140	11,770	98.00	-	0.86
Encana Corporation	ECA	B	50.77	806	40,900	65.00	0.13	0.81
EOG Resources	EOG	B	72.48	247	17,900	92.00	0.05	0.80
Anadarko Petroleum Corp.	APC	B	42.73	464	19,800	75.00	0.44	0.76
Occidental Petroleum Corp.	OXY	B	48.62	853	41,500	69.00	0.09	0.73
Devon Energy Corporation	DVN	B	69.26	448	31,000	115.00	0.14	0.66
			<i>Total or Median</i>		<i>183,000</i>		<i>0.13</i>	<i>0.80</i>
Independent Natural Gas and Oil - Small Cap								
Berry Petroleum Company	BRY	B	30.78	45	1,370	44.00	0.22	0.77
Energy Partners Ltd.	EPL	B	18.57	40	740	31.00	0.26	0.70
Encore Acquisition Company	EAC	B	24.21	54	1,300	48.00	0.23	0.62
Cimarex Energy Company	XEC	B	37.05	84	3,120	68.00	0.09	0.59
			<i>Total or Median</i>		<i>6,500</i>		<i>0.23</i>	<i>0.66</i>
Income								
Kinder Morgan Energy Partners, L.P.	KMP	S	53.19	171	9,070	15.00	0.54	2.18
Kinder Morgan Management, LLC	KMR	S	51.46	62	3,180	15.00	0.54	2.13
Pengrowth Energy Trust	PGH		17.48	241	4,210	17.00	0.26	1.02
Enerplus Resources Fund	ERF		42.69	123	5,250	47.00	0.11	0.92
Penn West Energy Trust	PWE	B	31.05	240	7,440	36.00	0.15	0.88
San Juan Basin Royalty Trust	SJT	B	31.40	47	1,460	40.00	-	0.78
Hugoton Royalty Trust	HGT	B	25.10	40	1,000	34.00	-	0.74
Canadian Oil Sands Trust	COSWF	B	24.49	479	11,730	35.00	0.08	0.72
			<i>Total or Median</i>		<i>43,300</i>		<i>0.13</i>	<i>0.90</i>

B = Buy, S = Sell, H = Hold

Present Value = Shares times Net Present Value divided by (1-Debt/Present Value).

Debt = Present Value times Debt/Present Value

McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses

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Oil and Gas Producers

Rank by EV/Ebitda: Enterprise Value to Earnings Before Interest, Tax, Deprec.

	Symbol/ Rating		Price (US\$/sh) 26-Mar 2007	Adjustd Resrvs/ Prod NTM	PV/ Ebitda NTM	EV/ Ebitda NTM	P/E NTM	Divd or Distrib NTM (%)	
Mega Cap									
Gazprom (50%)	OGZPY	B	41.45	24.0	8.6	6.5	10	0.2	
Exxon Mobil Corporation	XOM	B	75.47	11.5	6.4	5.9	10	1.7	
BP plc	BP	B	64.39	9.8	6.9	5.8	10	3.7	
Total S.A.	TOT	B	68.88	9.6	6.3	5.5	10	3.6	
Chevron Corporation	CVX	B	74.40	10.0	6.1	5.1	9	2.8	
Royal Dutch Shell plc	RDS-A	B	66.55	7.4	5.5	4.5	8	4.3	
ConocoPhillips	COP	B	69.56	11.0	5.9	4.4	7	2.4	
	<i>Median</i>				10.0	6.3	5.5	10	2.8
Producer/Refiners - Large Cap									
Kinder Morgan, Inc.	KMI	S	106.02		8.9	13.6	21	3.3	
Suncor Energy	SU	B	73.32	18.3	11.8	9.3	17	0.4	
Imperial Oil Limited (30%)	IMO	H	37.20	11.7	8.4	8.4	14	0.7	
PetroChina Company Ltd (10%)	PTR	B	116.05	15.2	7.7	6.5	13	3.8	
Marathon Oil Corporation	MRO	B	102.56	8.3	6.0	5.6	10	1.3	
Lukoil Oil Company	LUKOY	B	83.00	18.1	6.7	5.1	8	1.5	
Norsk Hydro (pro forma)	NHY	B	32.91	8.6	5.4	4.9	9	2.5	
Petro-Canada	PCZ	B	38.40	6.5	5.4	4.5	8	1.2	
	<i>Median</i>				11.7	7.2	6.0	12	1.4
Independent Natural Gas and Oil - Large Cap									
XTO Energy Inc.	XTO	B	54.66	12.3	7.9	7.3	13	0.9	
Anadarko Petroleum Corp.	APC	B	42.73	10.3	7.9	6.0	8	1.7	
EOG Resources	EOG	B	72.48	9.7	7.4	5.9	14	0.5	
Encana Corporation	ECA	B	50.77	9.2	7.0	5.7	11	1.6	
CNOOC Limited (34%)	CEO	B	84.20	10.6	6.2	5.4	10	3.3	
Occidental Petroleum Corp.	OXY	B	48.62	11.9	7.2	5.3	11	1.8	
Devon Energy Corporation	DVN	B	69.26	9.1	7.1	4.6	9	0.8	
	<i>Median</i>				10.3	7.2	5.7	11	1.6
Independent Natural Gas and Oil - Small Cap									
Berry Petroleum Company	BRY	B	30.78	10.3	9.8	7.5	14	1.0	
Encore Acquisition Company	EAC	B	24.21	15.0	8.8	5.5	22	-	
Cimarex Energy Company	XEC	B	37.05	8.1	6.4	3.8	9	0.4	
Energy Partners Ltd.	EPL	B	18.57	5.2	4.5	3.2	-	-	
	<i>Median</i>				9.2	7.6	4.6	14	0.2
Income									
Kinder Morgan Energy Partners, L.P.	KMP	S	53.19		7.7	16.8	39	6.2	
Kinder Morgan Management, LLC	KMR	S	51.46		7.7	16.4	38	6.5	
Canadian Oil Sands Trust	COSWF	B	24.49	22.0	11.7	8.5	11	7.4	
San Juan Basin Royalty Trust	SJT	B	31.40	10.6	10.8	8.4	10	9.8	
Pengrowth Energy Trust	PGH		17.48	7.4	7.6	7.8	27	14.8	
Hugoton Royalty Trust	HGT	B	25.10	13.1	9.8	7.2	10	10.0	
Penn West Energy Trust	PWE	B	31.05	7.5	7.5	6.6	13	11.3	
Enerplus Resources Fund	ERF		42.69	9.0	7.1	6.5	12	10.2	
	<i>Median</i>				9.8	7.7	8.1	13	9.9

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended March 31, 2008; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses

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**Oil and Gas Producers
Portfolio Composite of Buy Recommendations**

Symbol	Price (US\$/sh) 26-Mar 2007	Portfolio Weight		Non- U.S. HQ (%)	North Amer. Natural Gas (%)	Rest of World Natural Gas (%)	Oil Prod'n (%)	Down- stream (%)	McDep Ratio	
		Equity (%)	EV (%)							
Mega Cap										
Exxon Mobil Corporation	XOM	75.47	3.2	2.9		0.2	0.5	1.3	0.9	0.92
Total S.A.	TOT	68.88	2.8	2.9	2.9		0.8	1.2	0.8	0.88
BP plc	BP	64.39	1.3	1.4	1.4	0.1	0.2	0.7	0.4	0.84
Chevron Corporation	CVX	74.40	5.9	5.7		0.4	0.4	3.4	1.5	0.83
Royal Dutch Shell plc	RDS-A	66.55	2.8	2.9	2.9	0.1	0.5	1.1	1.1	0.82
Gazprom	OGZPY	41.45	9.2	8.6	8.6		6.8	1.8		0.76
ConocoPhillips	COP	69.56	4.9	5.7		1.0	0.4	2.9	1.4	0.76
Producer/Refiners - Large Cap										
Marathon Oil Corporation	MRO	102.56	1.5	1.4		0.1	0.1	0.5	0.6	0.94
Norsk Hydro (pro forma)	NHY	32.91	2.6	2.9	2.9		0.7	1.1	1.1	0.89
PetroChina Company Ltd.	PTR	116.05	3.1	2.9	2.9		0.2	2.4	0.2	0.84
Petro-Canada	PCZ	38.40	1.3	1.4	1.4	0.2	0.0	0.9	0.2	0.82
Suncor Energy	SU	73.32	1.5	1.4	1.4	0.1		1.3	0.1	0.79
Lukoil Oil Company	LUKOY	83.00	6.5	5.7	5.7			4.3	1.4	0.76
Independent Natural Gas and Oil - Large Cap										
XTO Energy Inc.	XTO	54.66	2.8	2.9		2.0		0.8		0.92
CNOOC Limited	CEO	84.20	3.3	2.9	2.9		0.3	2.6		0.86
Encana Corporation	ECA	50.77	5.6	5.7	5.7	4.2		1.1	0.4	0.81
EOG Resources	EOG	72.48	6.3	5.7		4.3	0.4	1.0		0.80
Anadarko Petroleum Corp.	APC	42.73	1.4	2.9		1.5		1.3	0.1	0.76
Occidental Petroleum Corp	OXY	48.62	2.9	2.9		0.4	0.0	2.1	0.3	0.73
Devon Energy Corporation	DVN	69.26	5.3	5.7		3.2		2.6		0.66
Independent Natural Gas and Oil - Small Cap										
Berry Petroleum Company	BRY	30.78	1.2	1.4		0.3		1.1		0.77
Energy Partners Ltd.	EPL	18.57	1.1	1.4		0.8		0.7		0.70
Encore Acquisition Compæ	EAC	24.21	2.1	2.9		0.8		2.1		0.62
Cimarex Energy Company	XEC	37.05	2.8	2.9		2.0		0.9		0.59
Income										
Penn West Energy Trust	PWE	31.05	4.2	4.3	4.3	1.4		2.9		0.88
San Juan Basin Royalty Tr	SJT	31.40	6.7	5.7		5.7				0.78
Hugoton Royalty Trust	HGT	25.10	1.7	1.4		1.4				0.74
Canadian Oil Sands Trust	COSWF	24.49	6.0	5.7	5.7			5.7		0.72
Portfolio Composite			100	100	49	30	11	48	11	0.78

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Index of Recent Research**Stock Ideas**

<u>Date</u>	<u>Symbol</u>	<u>Stock</u>	<u>Theme</u>
23-Mar	SJT	San Juan Basin Royalty Trust	Planetary Emergency
23-Mar	HGT	Hugoton Royalty Trust	Planetary Emergency
20-Mar	PTR	PetroChina Company Limited	Government Takes Gains
2-Mar	COSWF	Canadian Oil Sands Trust	New Twelve Month Volume High
2-Mar	EPL	Energy Partners, Ltd.	Another Tough Year in 2006
1-Mar	BRY	Berry Petroleum	Light Oil Irony
28-Feb	* PWE	Penn West Energy Trust	Lower Net Present Value to \$36 a Unit
23-Feb	* CEO	CNOOC Ltd	Oil, China and Natural Gas Growth
20-Feb	* NHY	Norsk Hydro ASA	Raise NPV to \$36 a Share
16-Feb	* XEC	Cimarex Energy Company	Dry Spell
16-Feb	* ECA	EnCana Corporation	Home-Grown, Clean Energy in the Stock Market
15-Feb	* EAC	Encore Acquisition	Reduce NPV to \$48 a Share
15-Feb	* TOT	Total S.A.	Thank You, Thierry Desmarest
14-Feb	* XTO	XTO Energy Inc.	The Trend Goes On
13-Feb	* OGZPY	Gazprom	Enlightened Self Interest
7-Feb	* DVN	Devon Energy Corporation	Current Favorite Large Cap Independent
7-Feb	* APC	Anadarko Petroleum Corporation	Avarice in Algiers
6-Feb	* BP	BP p.l.c.	Difficult Execution
5-Feb	* CVX	Chevron Corporation	Momentum despite Chavez
2-Feb	* MRO	Marathon Oil Corporation	Emphasis on Refining
2-Feb	* IMO	Imperial Oil Limited	Near Present Value
1-Feb	* EOG	EOG Resources Inc.	Reserves Up Ten Percent in 2006
1-Feb	* XOM	Exxon Mobil Corporation	Raise Present Value to a Half Trillion Dollars
1-Feb	* RDSA	Royal Dutch Shell plc	Reserves and Earnings Ahead
26-Jan	* SU	Suncor Energy Inc.	Committed to 500,000 Barrels Daily
26-Jan	* OXY	Occidental Petroleum Corporation	Largest Oil Independent
26-Jan	* PCZ	Petro-Canada	Volume Corner Turned
24-Jan	* COP	ConocoPhillips	Buying Itself
18-Jan	* KMx	Kinder Morgan	Good Bye KMI
12-Jan	* LUKOY	Lukoil Oil Company	Downside Oil Price Protection

Meter Reader - A Weekly Analysis

27-Mar		Hu Jintao Visits Vladimir Putin
20-Mar		Refined Oil Products Price Points Up
13-Mar	*	ExxonMobil: Impressive Volume, Impressive Return
6-Mar	*	Stock Price Down, Natural Gas Price Up
27-Feb	*	The Government's Bullish Oil Price Forecast

Natural Gas and Oil Royalty Trusts - A Weekly Analysis

23-Mar		Planetary Emergency
16-Mar		Sincere Flattery
9-Mar	*	Bull Market in Long-term Natural Gas
2-Mar	*	Trend Test

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